

EXECUTIVE SECRETARIAT**ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
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6	DDA				
7	DDO		X		
8	DDS&T				
9	DDA/NIC/VO		X		
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO/ECON	X			
20	NIO/IA		X		
21	D/OGI		X		
22	C/IA/DO		X		
SUSPENSE		Date			

Remarks 23. D/ALA/DI X

To 19: Prebrief with DCI is 0900 Friday, 24 May.
 Please provide material by COB Thursday, 23 May.

Executive Secretary

22 May 85

Date

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Executive Registry

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SECRETNATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506**MEMORANDUM FOR:****MR. DONALD P. GREGG**
Assistant to the Vice President
for National Security Affairs**MS. LINDA AREY**
Director, Executive Secretariat
Department of Transportation**MR. NICHOLAS PLATT**
Executive Secretary
Department of State**MR. WILLIAM VITALE**
Executive Secretary
Department of Energy**MR. EDWARD J. STUCKY**
Acting Executive Secretary
Department of the Treasury**MRS. KAREN CRAYTON**
Acting Executive Secretary
Department of Education**COLONEL R. J. AFFOURTIT**
Executive Secretary
Department of Defense**DR. ALTON KEEL**
Associate Director
for National Security and
International Affairs
Office of Management & Budget**MR. STEPHEN GALEBACH**
Senior Special Assistant
to the Attorney General
Department of Justice**Executive Secretary**
Central Intelligence Agency**MR. STEPHEN GLEASON**
Director
Executive Secretariat
Department of the Interior**AMBASSADOR ALAN GERSON**
Washington Representative to
the U.S. Representative to
the United Nations**MR. RANDY RUSSELL**
Executive Assistant
to the Secretary
Department of Agriculture**BG GEORGE JOULWAN**
Executive Assistant
to the Chairman
Joint Chiefs of Staff**MS. HELEN HOBBS**
Executive Assistant
to the Secretary
Department of Commerce**MR. MALCOLM BUTLER**
Executive Secretary
Agency for International
Development**MR. ROBERT SEARBY**
Deputy Under Secretary
for International Affairs
Department of Labor**MR. C. WILLIAM LaSALLE**
Chief of the Executive
Secretariat
U.S. Information Agency**MISS MARY FRANCES LOWE**
Executive Secretary
Department of Health
and Human Services**SUBJECT: National Security Council Meeting**
May 24, 1985 (U)**A National Security Council meeting will be held at 11:00 a.m. on Friday, May 24, 1985 to review the results of National Security Study Directive 2-85 on Central American Economic Development. (S)****SECRET**

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

DCI
EXEC
REGB-223
XFL-118
NSSD2-85

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Attached is a draft agenda for the meeting. Also attached is a one-page summary of the report.

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Because we wish to engage a broad representation of the Cabinet, participation is limited to principals only due to space limitation. Please provide the name of your participant to Carol Cleveland, 295-3044.

25X1

Robert M. Kimmitt
Robert M. Kimmitt
Executive Secretary

Attachments

Tab A Draft Agenda
Tab B Summary of Report

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Tab A i

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ECONOMIC DEVELOPMENT FOR CENTRAL AMERICA
National Security Council Meeting
11:00 - 11:45 a.m.
Friday, May 24, 1985
Cabinet Room

- | | |
|--|--|
| I. Introduction and presentation of the findings of NSSD-2-85 on Central American Economic Development (12 minutes) | - Robert C. McFarlane and NSC Staff |
| II. Economic and Political Overview (5 minutes) | - Secretary Shultz |
| III. Economic Assistance -- Problems and Progress to date (5 minutes) | - Peter McPherson |
| IV. Economic Reform and Assistance Levels (3 minutes) | - Secretary Baker |
| V. Discussion (20 minutes) | - Principals |

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Tab B

Summary and Conclusions

1. Good progress is being made in implementing the Central American Initiative recommended by the Kissinger Commission a year ago. The principal objectives we seek through economic assistance -- rapid growth through exports and private investment -- are still appropriate. 25X1
2. Central America is in the initial stages of an economic recovery, fueled by the increased U.S. economic assistance, an improving political climate, better policies, and world economic recovery. 25X1
3. Because progress toward regional peace has been less than hoped for, the region is still unlikely to achieve the economic goals set by the Commission. The region holds little interest for foreign investors, and even Central American entrepreneurs are hesitant to invest. Consequently, per capita incomes in Central America are unlikely to even return to the pre-crisis level by 1990. 25X1
4. We reaffirm the need for the \$8.4 billion five-year assistance package recommended by the Bipartisan Commission a year ago. The trade credit guarantee program should be extended until the security situation has improved sufficiently to restore private credits. Up to now, we have received most of what we requested, but increased efforts may be needed in the future to assure adequate funding. 25X1
5. The United States is shouldering the great bulk of the assistance burden in Central America, followed by the multilateral banks. Very little assistance has been forthcoming from Europe or Japan. We will want to monitor the contributions of other donors carefully. 25X1
6. Economic stabilization assisted by the IMF is important to Central American governments; it generates additional amounts and sources of financial flows, and it promotes more efficient resource use. 25X1
7. The security situation remains threatening, increasing the difficulties of implementing our economic assistance program. Governments are reluctant to adopt unpopular measures in an unstable political environment. Yet improved economic policies -- which usually have some short-term political costs -- are, in addition to political stability, the key to the effectiveness of our aid and to rapid economic growth. 25X1
8. This dilemma of tradeoffs between our economic and strategic objectives will continue to pose difficult choices for U.S. policymakers. Close coordination among U.S. Government agencies will be important in properly balancing these objectives to achieve an optimal mix. This is likely to require increased policy-level discussion. 25X1

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<u>A</u>	<u>[Redacted]</u>	<u>CIA</u>	<u>25X1</u>
<u>B</u>	<u>Nicholas Platt</u>	<u>State</u>	
<u>B</u>	<u>William LaSalle</u>	<u>USIA</u>	
<u>B</u>	<u>Malcolm Butler</u>	<u>AID</u>	
<u>B</u>	<u>Amb Alan Gerson</u>	<u>USUN Wash Rep</u>	
<u>D</u>	<u>Col R.J. Affourtit</u>	<u>DOD</u>	
<u>D</u>	<u>BG George Jouhwan</u>	<u>JCS</u>	
REMARKS <u>I</u>	<u>William Vitale</u>	<u>DOE</u>	
<u>K-1</u>	<u>Edward Stucky</u>	<u>DOT</u>	
<u>L</u>	<u>Helen Robbins</u>	<u>DOC</u>	